IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 180

MASTERCRAFTERS CLOCK & RADIO CO.,

Petitioner,

vs.

VACHERON & CONSTANTIN-LE COULTRE WATCHES, INC.

and

JAEGER-LE COULTRE, S.A.,

Respondents.

BRIEF IN OPPOSITION

Questions Presented

Respondents are dissatisfied with petitioner's "Questions Presented" in that each of the five questions said by petitioner to be presented by this case is predicated upon a stated supposition unwarranted by the record or the decision below. The actual question presented by this case is:

> Is it actionable unfair competition under the laws of New York for a manufacturer of ordinary electric clocks to dress his conventional mechanism in a deliberate copy of the unpatented external appearance of the unique atmospherically-actuated clock sold by another where the copied appearance has been used and extensively and intensively advertised by that other exclusively for some 15 years and has been readily distinguishable from all other clocks then on the market

by virtue of that appearance alone so as to acquire through operation of the doctrine of "secondary meaning" a status as a recognition symbol equivalent to a trade-mark, notwithstanding the presence on the copy of labelling identifying its actual manufacturer?

Statute Involved

In addition to the common law of New York, the following statute may be involved:

"§ *368-c* REMEDIES

"Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." N. Y. GEN. BUS. LAW § 368-c (3).

Statement

Petitioner's statement appears to respondents in some respects to be inaccurate, in others, materially incomplete, and yet in its entirety to be verbose, impertinent, and obscure. Respondents will try to correct all these deficiencies.

Who The Parties Are

Petitioner, Mastercrafters Clock and Radio Co., is an Illinois corporation having its principal place of business in Chicago where it engages in the manufacture, distribution, and sale primarily throughout the United States of relatively inexpensive and conventionally powered electric clocks (D110a).*

Respondent, Vacheron & Constantin-Le Coultre Watches, Inc., is a New York corporation (D110a) and a

* References to petitioner's appendix below will be in the form "(P87)"; to respondents', "(D110a)."

wholly-owned subsidiary of another New York corporation, the well-known Longines-Wittnauer Watch Co., Inc. The subsidiary shares offices with the parent in New York City where both engage in the importation, distribution, and sale throughout the United States and Canada of fine Swiss watches and clocks. The merchandise sold by the subsidiary is of different manufacture and is sold under different trade-marks from that handled by the parent (D427a-435a).

Respondent, Jaeger-Le Coultre, S.A., is a Swiss corporation which handles the world-wide distribution of the entire output of certain Swiss manufacturers, among them Le Coultre & Co. (D253a-259a). In the United States and Canada, the Vacheron subsidiary of Longines, respondent here, is by contract sole distributor of the Le Coultre line, except that Cartier, a New York retail firm, may import for its own use direct (D260a-261a; D439a-450a; D456a-459a).

What The Dispute Is About

Among the Le Coultre products which the American respondent buys from the Swiss respondent and sells in this country and Canada is a clock of unique mechanism and distinctive appearance known as the "Atmos". This clock is not electrically powered and yet requires no winding, its main spring being kept wound by an ingenious mechanism powered by changes in atmospheric temperature (D461a). The design of the "Atmos" is such that this mechanism can be seen through the clock case and even through the center of the dial face (P87). It has been manufactured solely by Le Coultre & Co. in Switzerland and solely in substantially its present form since 1937. Since 1939 its sale in the United States has been through the respondents under the contract arrangements already noted (D462a). Initially, the "Atmos" sold at retail for $315, but by 1952 its price was down to $175 (D463a). Neither the design nor the mechanism of the "Atmos"

is now or ever has been the subject of patent or any other statutory protection (D112a).

Until mid-1952 the "Atmos" had no imitator and it has no imitator today mechanically (D465a). However, in July 1952 petitioner introduced to the trade in the United States a deliberate copy counterfeiting the unique appearance of the "Atmos", including simulation of the external parts of its mechanism, as a guise for an ordinary electric clock motor (D463a). This copy was the Mastercrafters Model No. 308 clock, the sale of which was found to constitute actionable unfair competition with the sale of the "Atmos" by the Court of Appeals for the Second Circuit, applying New York law.

How The Dispute Has Come To This Court

Respondent Vacheron's first reaction to the appearance of petitioner's counterfeit clock was to send warnings, first to petitioner and then to petitioner's distributors (D113a-116a). When these proved ineffective, respondent Vacheron brought an action in a New York State court against one of petitioner's New York distributors making substantially the same charge of unfair competition that the Court of Appeals for the Second Circuit has now sustained. Petitioner then brought the instant action against respondent Vacheron in the New York Federal District Court, based solely on the diversity jurisdiction, seeking to enjoin respondent from further interfering with the sale of the 308 clock* (D117a-118a). Respondent of course counterclaimed charging petitioner directly with unfair competition. After both parties were denied Federal preliminary injunctions, respondent brought three other court actions against petitioner's distributors. Petitioner's action in the N. Y. Federal court was given a preference for trial (D91a) and none of the actions against

* On the same day that petitioner's Federal complaint was *filed*, summonses were *served* by respondent on three of petitioner's Philadelphia distributors.

distributors had been reached when the District Court's decision sustaining petitioner's claim and denying respondents'* counterclaim was announced. All actions against distributors were terminated without prejudice. Subsequently the District Court made an award of damages to petitioner which did not satisfy it. Appeals were taken to the Court of Appeals for the Second Circuit which reversed the District Court and decided all points in controversy in favor of respondents.

Argument

Petitioner seeks to invoke the certiorari jurisdiction of this Court to review a judgment of the Court of Appeals for the Second Circuit in a civil action for unfair competition in which both parties were agreed that Federal jurisdiction is founded solely on the diversity of citizenship of the parties and the amount in controversy. Ordinarily, this means that the judgment in question involved solely (1) a determination of the facts constituting the particular controversy and (2) the application thereto of the law of the forum state—New York. This is the case here. Even petitioner's ingenuity in stating "Questions Presented" goes no further in postulating a Federal question involved than the novel and startling suggestion that the Court below itself violated the Federal Anti-Trust laws by its decision.

POINT I

This case involves an ordinary commercial controversy between two private parties and the result reached was peculiarly dependent upon the unusual state of facts presented. No sound basis exists for that result to be reviewed by this Court.

Respondents have reviewed the reported decisions, State and Federal, which came down in 1954 and the first six

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* Respondent Jaeger-Le Coultre, S.A. was allowed to intervene in the Federal action as counterclaimant to obviate a possible defect in parties.

months of 1955, applying the common law of New York in unfair competition disputes. There appear to have been a total of 46 such decisions, none of them revealing the existence of any unsettled state of the law. On the contrary, 29 resulted in at least partial victory for the plaintiff, 12 exonerated the defendant, and in 5 all applications for summary relief were denied pending a fuller revelation of the operative facts.

As Mr. Justice Dore observed in *Roman Silversmiths* v. *Hampshire Silver Co.*, 282 App. Div. 21, 121 N. Y. S. 2d 329, 335 (1st Dept. 1953), aff'd *per curiam* 306 N. Y. 894 (1954):

> "What is true of all actions, is especially true in a suit for unfair competition: disposition of each case peculiarly depends upon the precise state of facts disclosed."

It is the settled policy of this Court not to grant certiorari "except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict of opinion and authority." *Layne &c. Co.* v. *Western Well Works,* 261 U. S. 387, 393 (1923); *Rice* v. *Sioux City Cemetery,* 349 U. S. 70 (1955).

POINT II

The conflicts which petitioner suggests exist between the decision of the Court below and the decisions in *Kellogg Co.* v. *Nat. Biscuit Co.*, 305 U. S. 111 (1938) and *West Point Mfg. Co.* v. *Detroit Stamping Co.*,—— F. 2d ——, 105 U.S.P.Q. 200 (6 Cir. 1955) are not real.

As to *Kellogg Co.* v. *Nat. Biscuit Co.*:

In that case, the subject matter was the familiar shredded wheat biscuit. The proponent of secondary meaning there

had been manufacturing the article in question under a patent prior to its expiration. Under these special circumstances at the expiration of a patent, the public acquired rights, among them the right to have manufacturers other than the erstwhile patentee compete effectively. It could not, of course, have been shown that the shape of the shredded wheat biscuit which had been exclusively used by the patentee during the patent period had in any real sense come to mean the shredded wheat biscuits produced by the patentee because there were no other shredded wheat biscuits from which their shape could be distinguished. The shape had instead, because the patentee had exercised his monopoly without licensing, come to mean shredded wheat biscuits generically. Also, there was some question as to whether a shredded wheat biscuit could be made effectively in any other form. In the present case, of course, clocks can and have been produced in countless forms and atmospheric clocks are no exception to this rule (D262a-265a). Moreover, the distinctive appearance of the "Atmos" clock was adopted with the express intention of creating an eventual trade-mark significance for it (D282a). Because it was distinctive, and capable of distinguishing, it has come to distinguish the genuine "Atmos" clock from countless other brass clocks. Until the infringing 308 clock appeared on the market, this appearance was the exclusive attribute of the genuine "Atmos" although the "Atmos" was at no time protected by patent. In the "shredded wheat" case, the infringer could say, with considerable measure of reality, that there were commercial necessities dictating his choice of the shape of biscuit complained of, that without such shape he could not sell his wares. An examination of Mastercrafters' own catalog sheet (D13a) shows that no such claim can be made for the copied appearance given the 308 clock and that petitioner itself has sold, its synchronous electric clocks under almost all conceivable guises.

As to *West Point Mfg. Co.* v. *Detroit Stamping Co.*:

In that case the subject matter was a toggle clamp, a device for clamping parts in industrial production. As in the 'shredded wheat'' case, the proponent of secondary meaning here, too, had been manufacturing under patent, prior to its expiration and therefore all of the consequences of that fact applied. In addition the toggle clamp's claim to secondary meaning was advanced not under the common law of Michigan but specifically under the supposed protection of the Federal Trade-Mark Act of 1946, 60 Stat. 427 which provides, 15 U. S. C. 1126h, for protection against unfair competition in cases where no federally registered mark is asserted. The Court itself emphasizes that "Upon the expiration of appellee's patent, there became dedicated to the public the patented article in the identical form in which it had theretofore been produced and marketed by appellee; that appellant, on such expiration, was entitled to copy exactly appellant's clamp in all particulars; * * *." Thus in the instant case, where there was no patent, expired or otherwise, the *facts* are different and in the instant case where the law being applied is the common law of New York, not an act of Congress, the *law* is different.

POINT III

The decision below was rightly grounded on the well-established doctrine of secondary meaning and represents the application of uniformly recognized principles to the particular facts presented.

It scarcely requires any citation of authority to establish the existence of the doctrine of "secondary meaning" by which, in appropriate circumstances, the external appearance of an article of commerce can acquire the status of a recognition symbol identifying its origin in the manner of a trade-mark and be protected at law as such.

The Court below found that the "Atmos" clock, under the commercial circumstances surrounding it, had acquired secondary meaning. The completely spontaneous and unsolicited advertisement of Halle Bros., a Cleveland department store, offering the No. 308 clocks as "authentic copies of the fabulous atmosphere clock" is sufficient evidence of itself to sustain this finding (D451a).

Courts in New York and other jurisdictions have sustained findings of secondary meaning in much less compelling circumstances. See, for example, *E. P. Dutton & Co.* v. *Cupples,* 117 App. Div. 172 102 N. Y. S. 309 (1st Dept. 1907); *Lever Bros.* v. *J. Eavenson & Sons,* 157 Misc. 297, 283 N. Y. S. 398 (Sup. Ct. N. Y. Co., 1935), mod. 249 App. Div. 617, 292 N. Y. S. 182 (1st Dept. 1931); *Ken-Tool Mfg. Co.* v. *Red Patch & Reliner Co.,* 180 Misc. 111, 41 N. Y. S. 2d 78 (Sup. Ct. Kings Co. 1943); *American Chain Co.* v. *Carr Chain Works,* 141 Misc. 303, 252 N. Y. S. 860 (Sup. Ct. N. Y. Co. 1931); *Enterprise Mfg. Co.* v. *Landers, Frary & Clark,* 124 Fed. 923 (D. C. D. Conn. 1903) affirmed 131 Fed. 240 (2 Cir. 1904); *Yale & Towne Mfg. Co.* v. *Alder,* 154 Fed. 37 (2 Cir. 1907); *Oneida, Ltd.* v. *National Silver Co.,* 25 N. Y. S. 2d 271 (Sup. Ct. Madison Co. 1940); *Wesson* v. *Galef,* 286 Fed. 621, 623 (S. D. N. Y. 1922); *Haeger Potteries, Inc.* v. *Gilner Potteries,* 123 F. Supp. 261 (S. D. Calif. 1954). See 2 Nims on Unfair Competition (4th Ed., N. Y. 1947) 1038, *et seq.*

CONCLUSION

The Petition for Writ of Certiorari herein should be *denied*.

Respectfully submitted,

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Counsel for Respondents.